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RUEHBUL/AMEMBASSY KABUL 2731
RUEHKT/AMEMBASSY KATHMANDU 5501
RUEHLO/AMEMBASSY LONDON 9460
RUEHMO/AMEMBASSY MOSCOW 7944
RUEHKO/AMEMBASSY TOKYO 3125
RUEHCI/AMCONSUL CALCUTTA 3288
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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 002706

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SUBJECT: INDO-PAK ON THE RIGHT TRACK

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Classified By: CDA Robert Blake, Jr. for Reasons 1.4 (B, D)

11. (C) SUMMARY: Seen from Delhi, Indo-Pak engagement seems to keep going strong, with the PM planning what he hopes will be a May or July trip to Pakistan that will be heavy on substantive achievement. In addition, India has made an important water concession to Pakistan and highly placed sources here hint more may come. The PM may also speak again soon with the Hurriyat, furthering the trend to rapprochement in Kashmir. As long as the PM remains secure in his domestic political position, he is sure to continue to take risks to make lasting peace with Pakistan. The Indian politicians and security hawks to whom we spoke were also of one mind that Saudi, US, or any third party "meddling" in Indo-Pak Composite Dialogue would only stick a spoke in the works of a system that, for now, they say, ain't broke and don't need fixin'. END SUMMARY.

PM PACKING HIS BAGS

12. (C) The Pakistani DCM told D/PolCouns April 15 that PM Singh is focused on a possible first-ever June trip back to Pakistan, the land of his birth, that the Indian side has made clear should make "large strides" and focus on substantive achievement over photo ops. PMO contact Venkatesh Verma, while tight-lipped, confirmed a trip was in the works. The media are reporting that it may take place in May or July, but Verma said we should not believe what we read regarding timing. If a trip does take place in June, it

would coincide with a major festival at a Sikh shrine in Pakistani Punjab, for which the press here report that the Pakistani government has issued 10,000 Indian Sikhs visas.

A CONCESSION FLOWS

13. (C) The Indians April 19 unexpectedly gave Pakistan a gesture of goodwill. Science and Technology Minister Kapil Sibal announced that India would change the design of the Kishenganga hydroelectric project in J&K to end a long-standing dispute with Pakistan. The Cabinet had agreed to scrap plans to build a large water reservoir to run a power station, a storage plan Pakistan had said violated the Indus water sharing treaty, and will instead build a "run of the river" system that would generate the same amount of electricity without storing water. This gesture comes as Indian officials are visiting Pakistan to address differences about a separate water-works, the Wular barrage. The Indian concession did not spark cries of a sell-out from security hawks, so more such concessions may follow. Journalist Sushant Sareen told us the concession proves India is "not as obdurate or obstinate" as it might appear, and that India remained committed to the "letter and spirit" of the Indus Water Sharing Treaty.

MORE IN THE WORKS?

14. (C) The GOI is sending signals that more concessions may come. NSA Narayanan said April 20 that both sides are "closer" to a "final point" on Siachen glacier. Narayanan also also mentioned Sir Creek as being "on the anvil" in ongoing talks. When we raised the possibility of a Siachen withdrawal April 21 with notorious BJP hawk Professor MD

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Nalapat he got very agitated, saying he had heard the PM was likely to make such a concession, and if he did, the right wing in India would call for his head on a pike. Union Cabinet Water Minister Saifuddin Soz told D/PolCouns April 20 that more concessions were in the works, but he was sworn to secrecy. Soz also muttered that there were large forces arrayed against the PM within the bureaucracy who made his every step difficult. Professor Amitabh Mattoo, a member of the Prime Minister's National Security Advisory Board, told us April 20 that "very interesting and positive developments" were coming soon, but would not be drawn further on details. Professor Riaz Punjabi, a Kashmir expert close to all sides of the equation, agreed, saying there are many reasons for optimism right now.

CALMING KASHMIR

15. (C) Soz -- a Kashmiri who helped organize the Mirwaiz's first meeting with the PM in November 2005 -- said the security hawks in the Home Ministry had played mischief by expanding the PM's dialogue to encompass "every Tom, Dick, and Harry" in J&K state, thereby alienating the Hurriyat. Soz and other helpful actors were now trying to get the Hurriyat again to meet the PM outside the roundtable process so the dialogue with separatists could get back on track. Home Secretary VS Duggal, speaking in Srinagar April 19, said that the government intended to throw the Srinagar-Muzzafarabad road open to trade as soon as possible once a "dependable and good scanning system" is in place to prevent terrorists from using goods flows to smuggle weapons and explosives. Home Ministry Kashmir watcher NN Vohra told us the Finance Ministry has given J&K the unprecedented allowance of an extra three months to spend FY2005 funds that would have expired on March 31. Vohra added that while the terrorists will definitely try to make a spectacular statement during the April 24 by-election in Kashmir, the Central government was trying very hard to extend the state every facility and kindness to keep the people opposed to the

violence.

NONE OF YOUR DARN BUSINESS

16. (C) Soz, Vohra, and others agreed that India and Pakistan were best able to handle the next steps on their own. A day after the Saudis announced they were going to help mediate in Kashmir, MEA spokesman Navtej Sarna on April 20 definitively squashed such prospects, saying, "India and Pakistan are discussing all bilateral issues under the Composite Dialogue process and there is no scope for mediation by any third party."

IF IT AIN'T BROKE, DON'T FIX IT

17. (C) COMMENT: The mood in Delhi toward Pakistan right now is fairly good. Indo-Pak cricket tests are no longer front page news because they have become so common. The wave of terrorism on April 14 did not result in hysterical condemnations of Pakistan. The broad majority of Indians seek total peace with Pakistan. Every person we have spoken to -- left, right, or center -- agrees the PM is unshakeable in his dedication to forging lasting and meaningful peace with Pakistan. The Composite Dialogue is like a spinning

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top, said one contact -- "if you touch it, it will fall down." Charge will seek a meeting next week with NSA Narayanan to probe further on these matters. END COMMENT.
BLAKE